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EAST-WEST UNITED BANK S.A.

ANNUAL ACCOUNTS AND REPORT OF THE REVISEUR D'ENTREPRISES AGREE

DECEMBER 31, 2015

10, Boulevard Joseph II
L-1840 Luxembourg
R.C.S. Luxembourg: B12049

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MANAGEMENT REPORT

to the Annual General Meeting of Shareholders to be held on May 20, 2016

The Management of East-West United Bank S.A. ("EWUB" or "the Bank") is pleased to present the Annual accounts for the year ending December 31, 2015. The total assets has decreased and amounted to EUR 564 million compared to EUR 733 million as of end of the previous year. The shareholder's equity at the year's end has decreased to EUR 105 million compared to 115 million in the previous year in accordance with Luxembourg GAAP.

In 2015, the Bank has recorded a loss on its operations amounting to EUR 10.3 million compared to a gain of EUR 1.9 million in 2014. Despite continued restructuring of the core lending activities and subsequent decrease of the total size of the loan portfolio observed during the year, the Bank managed to increase the net interest income to a level of EUR 21.4 million compared to EUR 19.8 million in 2014, but this portfolio has been affected by continued deteriorated credit quality of Ukrainian exposure as well as one off event related to one of European exposures that has in total required net increase of specific provisions by EUR 26.2 million compared to EUR 13.6 million in 2014 that has affected the total net result of the year. At the same time, the Bank has started to implement new business strategy focused on further development of Corporate and Private banking activities that has enabled the Bank to maintain stable operating banking profit before provisions. The net commission income has stabilized at EUR 4.5 million compared with EUR 5.1 million recorded in 2014. General administrative expenses increased by equivalent of EUR 1.9 million reflecting the expenses born by the Bank in order to accommodate future growth and development of business. These factors combined with the key change in the result on the financial operations which has been affected by significant improvements of most part of the portfolio placements and so de-recognition of prior recognized temporary unrealized losses, in accordance with Luxembourg GAAP principles, resulted in operating gain of EUR 15 million compared to loss of EUR 1.9 million in 2014. The return of assets as of December 31, 2015 amount to -1.83%.

As of December 31, 2015, the Bank did not acquire any of its own shares.

While the Bank's operating market is not confined solely to Russia, Russian and CIS - related business constitutes significant part of the Bank's revenues and as such has been temporarily impacted by continued geopolitical developments in the region during 2014 and 2015.

Since the end of 2007 EWUB's capital is controlled by JSFC Sistema - the largest public diversified corporation in Russia and the CIS, which manages fast growing companies operating in the

telecommunications, high-tech, oil and energy, radio and aerospace, banking, retail, mass-media, tourism and healthcare services and has over 100 million customers. It controls directly 34% of the Bank's capital and indirectly, through MTS Bank, remaining 66% of EWUB's capital.

The cooperation with MTS Bank allowed identifying possible synergies which are becoming examined and exploited as both entities work more closely. Similarly, the Bank continued to diversify its activity and elaborate plans with the aim of fully exploiting the synergies and the potential opportunities arising with the shareholder's group companies.

During the year, the Management was raising to the challenge of change in business model, assessing existing as well as newly revealed risks together with assessment of the new opportunities to further develop and professionalize our clients' service, diversify product lines and contribute to bottom-line results. The strategy is focused on development of Corporate and Private Banking activities supported by the new teams within the Bank, synergies with the shareholders and group companies and new range of products. The Management continued to show its commitment to further improvement of the corporate governance and a strong internal control environment in the Bank. The Management is carrying out a comprehensive review and update of internal procedures applicable to various aspects of the Bank's activity in order to address any recent developments in the economic, environment and internal organisation of the Bank. Additional investments in the infrastructure and human resources have been determined to provide the basis for the further development of the Bank's activities. This has led to the internal reorganization close at year end in order to ensure right expertise and efficiency of the organization to the developed strategy and optimize the existing recurring costs while increasing its functionality. The bank has strengthen its conservative approach to risk management providing sufficient confidence that its risk exposures are adequately mitigated and covered. In line with this prudent approach to adequately mitigate all relevant risks, the Bank has thoroughly assessed specific provisions to the existing exposure as well as continued to create a country risk provisions on uncovered exposures. The level of these provisions is reviewed on regular basis in order to reflect the risk relative to the country of origin of the borrower.

The Board of Directors possesses the authority to set up the principles on which decisions are made and to fix rules relating to the granting, extension, or restructuring of a credit by the Bank (general credit policy, country limits and other strategic matters). The Credit Committee is responsible for the application of these principles. The continuous improvements of the internal procedures relating to the credit risk assessment implemented in previous year combined with a prudent policy resulted in changes implemented to continue de-risking of the current portfolio through increased focus on investment grade rated assets and by further diversification to improve concentration of the assets that shall continue over next year.

The Bank continues to improve a prudent policy in matching the maturity profile of its assets and liabilities and maintains a liquidity ratio well in excess of the required ratio with a high percentage of short-term liquid funds placed with highly reputable banks and financial institutions within the OECD. The governing objective in currency risk management is to maintain a system of authorised position limits and to monitor them closely.

Limited proprietary securities trading activities were carried out by EWUB during the year 2015, subject to stringent restrictions on volumes, stop-losses and issuer. All the trading activities have been focused on improvements of the liquidity characteristics of the securities portfolio by acquisition of high liquid assets eligible for REPO transactions with central banks.

Operational risk, being the risk of losses in relation with human error and fraud, is addressed by adapting appropriate operations and administrative systems to the Bank's activities and by maintaining adequate working procedures and a strong internal control environment.

There were no significant post balance sheet events affecting EWUB's financial position, as presented at the financial year-end, to report. The Bank permanently monitors and evaluates the risks associated with the Ukrainian economy and has continued to reduced significantly its exposure held through the debt securities of Ukrainian issuers during 2015.

The Bank's Board of Directors approved the annual accounts on April 26, 2015.The management of the Bank wishes to express its gratitude to the shareholders for their support and for the loyalty to our customers, banking partners and staff in ensuring the ongoing development of East-West United Bank, and looks forward to a prosperous 2016.

The Management of East-West United Bank S.A.

Sergey Pchelintsev Managing Director/CEO	Martin Pcola Managing director/CFO
26 April 2016 Luxembourg	26 April 2016 Luxembourg

Deloitte.

Deloitte Audit
Société à responsabilité limitee
560, rue de Neudorf
L-2220 Luxembourg
B.P. 1173
L-1011 Luxembourg
Tel: +352 451 451
Fax: +352 451 452 992
www.deloitte.lu

To the Board of Directors of
East-West United Bank S.A.
Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the annual accounts

Following our appointment by the Board of Directors, we have audited the accompanying annual accounts of East-West United Bank S.A., which comprise the Balance Sheet as at December 31, 2015 and the Profit and Loss Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Directors for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the réviseur d'entreprises agréé

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

Société à responsabilité limitée au capital de 35 000 €
RCS Luxembourg B 67.895
Autorisation d'établissement 10022179

Deloitte.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the *réviseur d'entreprises agréé*'s judgement, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of East-West United Bank S.A. as of December 31, 2015 and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors, is consistent with the annual accounts.

For Deloitte Audit, *Cabinet de révision agréé*

Ekaterina Volotovskaya, *Réviseur d'entreprises agréé*
Partner

April 26, 2016

East-West United Bank S.A.

BALANCE SHEET AND OFF BALANCE SHEET ITEMS

December 31, 2015
(expressed in EUR)

East-West United Bank S.A.
BALANCE SHEET
As at December 31, 2015
(expressed in EUR)

A s s e t s

	Note	2015	2014
Cash, balances with central banks and post office banks	**3, 4**	**14,645,716**	**6,155,072**
Loans and advances to credit institutions:	**4, 5, 12**	**236,516,537**	**366,941,803**
a) repayable on demand		183,433,135	275,449,794
b) other loans and advances		53,083,402	91,492,009
Loans and advances to customers	**4, 6, 12, 30**	**204,335,588**	**264,244,652**
Debt securities and other fixed-income securities:	**4, 7, 8, 9, 12**	**95,790,667**	**79,897,119**
a) issued by public bodies		36,108,420	883,159
b) issued by other borrowers		59,682,247	79,013,960
Tangible assets	**9, 10**	**7,522,583**	**7,862,848**
Other assets	**11**	**3,286,421**	**2,634,154**
Prepayments and accrued income		**2,425,519**	**4,991,663**
TOTAL ASSETS	**13**	**564,523,031**	**732,727,311**

The accompanying notes form an integral part of the annual accounts.

East-West United Bank S.A.
BALANCE SHEET
As at December 31, 2015
(expressed in EUR)
- continued -

L i a b i l i t i e s

		2015	2014
Amounts owed to credit institutions:	**4, 14, 21**	**5,434,658**	**78,344,233**
a) repayable on demand		127,474	28,897,182
b) with agreed maturity dates or periods of notice		5,307,184	49,447,051
Amounts owed to customers:	**4, 15, 21**	**414,384,176**	**497,795,630**
a) other debts repayable on demand		222,903,342	279,257,842
b) other debts with agreed maturity dates or periods of notice		191,480,834	218,537,788
Other liabilities	**16**	**1,125,540**	**1,217,199**
Accruals and deferred income		**4,460,968**	**6,386,253**
Provisions for liabilities and charges:		**7,286,274**	**6,836,832**
a) provisions for taxation		4,066,255	3,342,300
b) other provisions	**31**	3,220,019	3,494,532
Fund for general banking risks	**2.6**	**26,821,615**	**26,821,615**
Subscribed capital	**19**	**80,600,000**	**80,601,836**
Reserves	**20**	**34,723,713**	**32,775,484**
(Loss)/Profit for the financial year		**(10,313,913)**	**1,948,229**
TOTAL LIABILITIES	**22**	**564,523,031**	**732,727,311**

The accompanying notes form an integral part of the annual accounts.

Off balance sheet items

		2015	2014
Contingent liabilities	**4, 23**	**19,223,307**	**18,153,297**
of which:			
- guarantees and assets pledged as collateral security		19,223,307	18,153,297
Commitments	**4, 24**	**21,806,836**	**50,989,078**
Fiduciary operations	**26**	**5,302,439**	**75,198,735**

East-West United Bank S.A.

PROFIT AND LOSS ACCOUNT

Year ended December 31, 2015
(expressed in EUR)

East-West United Bank S.A.
PROFIT AND LOSS ACCOUNT
Year ended December 31, 2015
(expressed in EUR)

		2015	2014
Interest receivable and similar income		**27,152,825**	**26,426,903**
Of which:			
That arising from fixed-income securities		6,627,028	5,937,486
Interest payable and similar charges		**(5,765,454)**	**(6,572,029)**
Commission receivable		**5,868,921**	**6,636,488**
Commission payable		**(1,302,252)**	**(1,527,529)**
Net profit on financial operations		**8,410,876**	**(9,750,520)**
Other operating income	**27**	**65,350**	**219,764**
General administrative expenses:		**(17,942,428)**	**(16,011,279)**
a) staff costs	**28, 29**	(12,431,583)	(11,523,751)
Of which			
- wages and salaries		(10,485,912)	(10,288,906)
- social security costs		(1,534,193)	(1,043,922)
Of which:			
Social security costs relating to pensions		(435,253)	(377,276)
b) other administrative expenses	**18**	(5,510,845)	(4,487,528)
Value adjustments in respect of tangible and intangible assets		**(1,330,342)**	**(1,236,571)**
Other operating charges		**(137,905)**	**(146,490)**
Value adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments		**(43,198,904)**	**(18,105,298)**
Value re-adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments		**17,016,823**	**4,455,272**
Value (adjustments)/re-adjustments in respect of transferable securities held as financial fixed assets, participating interests and shares in affiliated undertakings		**1,579,185**	**5,725,289**
Allocations / (decrease) to the fund for general banking risks		**-**	**12,378,385**
Carried forward:		(9,583,305)	2,492,385

The accompanying notes form an integral part of the annual accounts.

East-West United Bank S.A.
PROFIT AND LOSS ACCOUNT
Year ended December 31, 2015
(expressed in EUR)
- continued -

	2015	2014
Brought forward:	(9,583,305)	2,492,385
Taxes on ordinary activities	**(723,955)**	**(535,300)**
Profit on ordinary activities after tax	**(10,307,260)**	**1,957,085**
Other taxes not shown under the preceding items	(6,653)	(8,856)
(Loss)/Profit for the financial year	**(10,313,913)**	**1,948,229**

The accompanying notes form an integral part of the annual accounts.

East-West United Bank S.A.

NOTES TO THE ACCOUNTS

December 31, 2015

NOTE 1 - GENERAL

1.1. Corporate matters

East-West United Bank S.A. ("the Bank") was incorporated in Luxembourg on June 12, 1974 as a société anonyme.

As at December 31, 2015 the Bank's subscribed and paid-up capital amounts to EUR 80,600,000 (2014: 80,601,960) represented by 800,600 (2014: 325,147) shares with a nominal value of approximately EUR 100 each (2014: EUR 247.89). MTS Bank, former Moscow Bank for Reconstruction and Development (MBRD) directly owns 66% of the Bank's shares, the remaining 34% belongs to SISTEMA Joint-Stock Financial Corporation ("SISTEMA JSFC").

The members of the Board of Directors are mostly Senior Executives of the shareholders complemented by the Independent directors represented by the fianncial sector professionals. The business policy and valuation principles, unless prescribed by Luxembourg rules and regulations, are determined and monitored by the Board of Directors.

1.2. Nature of the Bank's business

In accordance with its Articles of Incorporation, the object of the Bank is to undertake any banking and savings activities and more particularly to undertake any banking and trust operations including to receive deposits in cash, securities and other assets, to grant loans and to extend credits in any form whatsoever, to conclude any transactions relating to securities, precious metals, fiduciary arrangements, to provide financial services to collective investment undertakings and other persons, companies or entities as well as to hold such interests in other companies and perform such operations which permits the Bank to achieve the above objectives in any part of the world, either as principals or agents or otherwise, and by or through trustees, agents or otherwise and either alone or in conjunction with others.

The Bank has been focusing its activities on investment opportunities on diversified European as well as Russian capital market both for its own account and for the account of customers and sees its future operations centring on the provision of private banking and asset management products and services.

1.3. Annual accounts

The capital of the Bank is expressed in Euro (EUR) and the annual accounts are prepared in this currency.

The Bank's accounting year coincides with the calendar year.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Bank prepares its annual accounts under the historical cost principle, in accordance with the laws and regulations in force in the Grand-Duchy of Luxembourg and on the basis of accounting principles generally accepted in the banking sector in the Grand-Duchy of Luxembourg.

In observing these, the following significant accounting policies are applied:

2.1. Foreign currencies

The Bank maintains a multi-currency accounting system, which records all transactions in the currency or currencies of the transaction on the day on which the contract is concluded.

Revenues and expenses in foreign currencies are translated into EUR daily at the prevailing exchange rates.

At the year-end, tangible assets in foreign currencies not covered in either the spot or the forward markets are translated into EUR at the rate of exchange ruling at the date of their acquisition.
All other assets and liabilities are converted into EUR at the spot rates applicable at the balance sheet date. Both realised and unrealised profits and losses arising on revaluation are accounted for in the Profit and Loss Account of the year.

Results on uncompleted forward transactions linked to spot transactions and on swap transactions are accrued at the balance sheet date. The revaluation of these transactions does not affect the profit and loss account since any revaluation gains or losses are neutralised in the transitory accounts.

Uncovered forward transactions, if any, are valued individually on the basis of forward exchange rates applicable at the balance sheet date. Unrealised revaluation profits are ignored, whereas a provision is set up in respect of any unrealised revaluation losses. This provision is included on the liabilities side of the Balance Sheet under “Provisions”.

2.2. Financial instruments derivatives

The Bank's commitments deriving from financial instruments derivatives, if any, are recorded on the transaction date as off Balance Sheet items. At the year-end, where necessary, a provision may be set up in respect of individual unrealised losses resulting from the revaluation of the Bank's commitments at market value. This provision, if required, is included on the liabilities side of the Balance Sheet under “Provisions”.

No provision is set up in those cases where a financial instrument clearly covers an asset or a liability and economic unity is established or where a financial instrument is hedged by a reverse transaction so that no open position exists.

As at December 31, 2015, the Bank has no open position for Total Return Swap (2014: EUR 1,394,929). This provision was included on the liabilities side of the Balance Sheet under the caption “Accruals and deferred income” for the year ended December 31, 2014 (see note 25).

2.3. Loans and advances

Loans and advances are stated at their acquisition price. The policy of the Bank is to establish specific provisions for doubtful debts in accordance with the circumstances and for amounts approved by the Board of Directors. The provisions are deducted from the appropriate asset account balances and shall not be maintained if the reasons for which they were recorded no longer exist.

2.4. Transferable securities

Transferable securities are recorded initially in their issue currencies at purchase price.
The average cost method is used for valuation purposes.

2.5. Lump-Sum Provision for risk exposures

In accordance with the Luxembourg tax legislation, it is the Bank's policy to establish a lump-sum provision for risk exposures, as defined in the legislation governing prudential supervision of banks. The purpose of the provision is to take account of risks that are likely to crystallise but which have not yet been identified as at the date of preparation of the annual accounts.

Pursuant to the Instructions issued by the "Directeur des Contributions" on December 16, 1997, the provision is made before taxation and may not exceed 1.25% of the Bank's risk exposures. In 2015, the Bank released an amount of EUR 450,000 (2014: EUR 550,000) of lump-sum provision. The remaining balance of lump-sum provision as of December 31, 2015 is EUR 0 (2014: EUR 450,000).

2.6. Fund for general banking risks

The Bank established a fund for general business risks intended to cover particular risks associated with banking operations, pursuant to Article 63 of the law on the accounts of banks, which is shown separately on the liabilities side of the Balance Sheet. Increases or decreases to this fund are determined based on the profit after tax, but before determining the profit of the financial year, and are not subject to limitations.

Transfers to this account are shown separately in the profit and loss account under "Transfers to the fund for general banking risks".

2.7. Debt securities and other fixed-income securities

The Bank has divided its portfolio of fixed-income securities into three categories, whose principal characteristics are the following:

- an investment portfolio of financial fixed assets, which are intended to be used on a continuing basis in the Bank's activities;
- a trading portfolio of securities purchased with the intention of resale in the short term; and
- a structural portfolio of securities which do not fall within either of the two other categories.

At the year-end, the Bank's fixed-income securities are allocated to the investment and the structural portfolios.

Fixed-income securities comprising investment and structural portfolios are valued at the lower of cost and market value. Fixed income securities held for trading purposes are marked to their market values.

If market values are not freely available, the Bank determines the intrinsic value of such securities on the basis of the expected level of debt recovery.

2.8. The "Beibehaltungsprinzip"

It was the Bank's policy to retain value adjustments in respect of certain categories of assets made previously but which no longer correspond to a reduction in the value of assets in question, in accordance with Articles 56 (2) (f) and 58 (2) (e) of the law on the accounts of banks.

As at December 31, 2015 the Bank decided to not apply this principle and effect of it has been recognized through Profit and Loss Account (see note 8).

2.9. Country Risk

It is the Bank's policy to create a General Country Risk provision in order to address the risk of political or economic unstability. The Bank has applied different percentage rates for the creation of this General Country risk provision, those rates have been set for each country based on the risk assessment of the different financial and non financial factors.

2.10. Tangible fixed assets

Tangible fixed assets are carried at purchase price.

The value of tangible fixed assets with limited useful economic lives is reduced by value adjustments calculated to write off the value of such assets systematically over their useful economic lives.

2.11. Taxes

Taxes are accounted for on an accrual basis.

2.12. Comparative figures

The presentation of the annual accounts has been modified when compared to the presentation used in respect of the financial year ended December 31, 2014. As a consequence and in order to ensure adequate comparability across both financial years, certain comparative figures in respect of the financial year ended December 31, 2014 have been reclassified, as follows:

i. EUR 329,155 corresponding to realised gain on foreign exchange previously grouped under “Interest receivable and similar income” was reclassified to “Net profit on financial operations”; and

ii. EUR 1,279,259 corresponding to realised loss on foreign exchange previously grouped under “Interest payable and similar charges” was reclassified to “Net profit on financial operations”.

NOTE 3 - CASH IN HAND, BALANCES WITH CENTRAL BANKS AND POST OFFICE BANKS

In accordance with the requirements of the European Central Bank, the Central Bank of Luxembourg implemented effective January 1, 1999, a system of mandatory reserves which applies to all Luxembourg credit institutions. The minimum reserve balance as at December 31, 2015 held by the Bank with Central Bank of Luxembourg amounted to EUR 4,328,712 (2014: EUR 5,731,705).

The main balance of this caption is made of an amount of EUR 10,000,000 (2014: EUR 780) relating to amount held by the Bank with Central Bank of Luxembourg repayable on demand.

NOTE 4 - ANALYSIS OF FINANCIAL INSTRUMENTS

Primary non-trading financial instruments may be analysed according to their remaining maturity as follows:

2015 EUR (at carrying amount)	Not more than 3 months	3-12 months	1-5 years	More than 5 years	Total 2015
Financial assets					
Cash, balances with central banks and post office banks	14,645,716	-	-	-	**14,645,716**
Loans and advances to credit institutions	236,516,537	-	-	-	**236,516,537**
Loans and advances to customers	85,052,649	21,915,661	75,133,912	22,233,366	**204,335,588**
Debt securities and other fixed income securities	10,309,322	-	58,426,253	27,055,092	**95,790,667**
	346,524,224	21,915,661	133,560,165	49,288,458	**551,288,508**
Financial liabilities					
Amounts owed to credit institutions	1,624,396	914,662	2,895,600	-	**5,434,658**
Amounts owed to customers	269,905,121	143,479,055	1,000,000	-	**414,384,176**
Subordinated liabilities	-	-	-	-	**-**
Contingent liabilities	-	5,473,399	13,496,601	253,307	**19,223,307**
Commitments	-	-	17,640,169	4,166,667	**21,806,836**
	271,529,517	149,867,116	35,032,370	4,419,974	**460,848,977**

2014 EUR (at carrying amount)	Not more than 3 months	3-12 months	1-5 years	More than 5 years	Total 2014
Financial assets					
Cash, balances with central banks and post office banks	6,155,072	-	-	-	**6,155,072**
Loans and advances to credit institutions	362,103,242	4,838,561	-	-	**366,941,803**
Loans and advances to customers	11,292,930	38,711,154	199,668,590	14,571,978	**264,244,652**
Debt securities and other fixed income securities	6,494,903	4,616,983	55,856,012	12,929,221	**79,897,119**
	386,046,147	48,166,698	255,524,602	27,501,199	**717,238,646**
Financial liabilities					
Amounts owed to credit institutions	72,842,340	-	5,501,893	-	**78,344,233**
Amounts owed to customers	434,284,807	62,510,823	700,000	300,000	**497,795,630**
Subordinated liabilities	-	-	-	-	**-**
Contingent liabilities	15,082	66,000	17,971,075	101,140	**18,153,297**
Commitments	-	38,205,464	12,783,614	-	**50,989,078**
	507,142,229	100,782,287	36,956,582	401,140	**645,282,238**

NOTE 5 - LOANS AND ADVANCES TO CREDIT INSTITUTIONS

Loans and advances to credit institutions may be analysed according to their geographic origin as follows:

	2015 EUR	2014 EUR
Luxembourg	60,334,380	179,159,919
OECD (Other than Luxembourg)	134,518,748	178,542,176
Other countries	41,663,409	9,239,708
	236,516,537	366,941,803

During the year 2015 the Bank received an amount of EUR 1,853,433 following the sale of a loan with exposure to a credit institutions which was fully written off in previous years.

NOTE 6 - LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers net of provisions may be analysed according to their geographic origin as follows:

	2015 EUR	2014 EUR
Luxembourg	80,716,967	673,001
OECD (Other than Luxembourg)	89,976,514	110,588,557
Other countries	33,642,107	152,983,094
	204,335,588	264,244,652

In 2015 the Bank released an amount of EUR 12,488,225 (2014: created of EUR 2,636,462) of General Country Risk provision. As at December 31, 2015, an amount of EUR 3,592,127 (2014: EUR 16,080,352) has been established as General Country Risk provision.

At December 31, 2015, the Bank did not participate in equity repo-type financing, secured by equity instruments (2014: EUR 36 million).

NOTE 7 - TRANSFERABLE SECURITIES

Transferable securities shown under “Debt securities and other fixed-income securities” may be broken down as follows into listed and unlisted securities:

	Listed 2015 EUR	Unlisted 2015 EUR	Total 2015 EUR
Debt securities and other fixed-income securities	95,790,667	-	95,790,667

	Listed 2014 EUR	Unlisted 2014 EUR	Total 2014 EUR
Debt securities and other fixed-income securities	79,897,119	-	79,897,119

NOTE 8 - DEBT SECURITIES AND OTHER FIXED-INCOME SECURITIES

As at December 31, 2015, transferable securities shown under “Debt securities and other fixed income securities” which will become due within one year of the balance sheet date amount to EUR 10,309,243 (2014: EUR 11,111,886).

Transferable securities shown under “Debt securities and other fixed-income securities” are to be regarded as financial fixed assets for EUR 9,277,685 (2014: EUR 8,246,349) since these assets are purchased with the intention of holding them until maturity. These securities are classified within the Bank’s investment portfolio. The remaining balance of the Bank’s fixed-income securities portfolio is classified within the structural portfolio for EUR 86,512,983 (2014: EUR 71,650,770).

NOTE 8 - DEBT SECURITIES AND OTHER FIXED-INCOME SECURITIES (continued)

Debt securities and other fixed-income securities may be broken down as follows according to their geographic origin:

	2015 EUR	2014 EUR
OECD (Other than Luxembourg)	67,940,017	36,163,842
Other countries	27,850,650	43,733,277
	95,790,667	79,897,119

In 2015 the Bank released an amount of EUR 8,359,055 (2014: created of EUR 6,601,609) of Beibehaltung principle provision. As at December 31, 2015, there was no Beibehaltung provision (2014: EUR 1,757,446) in Bank's own portfolio.

NOTE 9 - MOVEMENTS IN FIXED ASSETS

The following movements have occurred in the Bank's fixed assets in the course of the financial year:

FIXED ASSETS (EUR)							
ITEM	**Gross value at the beginning of the financial year**	**Additions**	**Disposals / Maturities / Transfers**	**FX movement**	**Gross value at the end of the financial year**	**Cumulative value adjustments at the balance sheet date**	**Net value at the end of the financial year**
1. Debt securities and other fixed-income securities	10,639,027	80	(2,247,650)	985,193	9,376,650	(98,965)	9,277,685
2. Tangible assets	17,862,122	985,748	(1,203)	-	18,846,667	(11,324,084)	7,522,583
of which:							
a) Land and buildings	14,423,938	46,727	-		14,470,665	(8,034,745)	6,435,920
b) Other fixtures and fittings, tools and equipment	3,438,184	939,021	(1,203)	-	4,376,002	(3,289,339)	1,086,663

As at December 31, 2015, the market value of debt securities and other fixed-income securities amounted to EUR 9,776,212 (2014: EUR 9,612,841).

NOTE 10 - TANGIBLE ASSETS

Tangible assets include a net amount of EUR 6,428,770 (2014: EUR 7,229,790), which represents the land and buildings used by the Bank for its own activities.

As at December 31, 2015, these land and buildings were subject to a mortgage against a loan received. The outstanding amount of this loan as at the year-end was EUR 914,662 (2014: EUR 1,641,093).

As at December 31, 2015, the market value of building pledged as collateral was EUR 18,970,000 (2014: EUR 18,350,000).

NOTE 11 - OTHER ASSETS

	2015	**2014**
	EUR	**EUR**
Short term receivable	38,534	46,161
Advances on taxes	3,082,847	1,242,164
Prepaid expenses	-	548,346
Other assets	165,040	797,483
	3,286,421	2,634,154

NOTE 12 - RELATED PARTY BALANCES - ASSETS

As at December 31, 2015, balances with related parties are included on the assets side of the Balance Sheet under “Loans and advances to credit institutions” for EUR 2,145,793 (2014: EUR 7,808,573), under “Loans and advances to customers” for EUR 12,478,247 (2014: EUR 13,122,457) and under “Debt securities and other fixed income securities” for EUR 19,602,437 (2014: EUR 19,679,681).

NOTE 13 - FOREIGN CURRENCY ASSETS

As at December 31, 2015, the aggregate amount of the Bank's assets denominated in foreign currencies after deducting any value adjustments, translated into EUR, is EUR 309,961,009 (2014: EUR 422,598,455).

NOTE 14 - AMOUNTS OWED TO CREDIT INSTITUTIONS

Amounts owed to credit institutions may be analysed according to their geographic origin as follows:

	2015 EUR	2014 EUR
Luxembourg	5,396,756	6,922,247
OECD (Other than Luxembourg)	5,374	28,719,126
Other countries	32,528	42,702,860
	5,434,658	78,344,233

NOTE 15 - AMOUNTS OWED TO CUSTOMERS

Amounts owed to customers may be analysed according to their geographic origin as follows:

	2015 EUR	2014 EUR
Luxembourg	92,642,016	32,101,375
OECD (Other than Luxembourg)	19,441,592	22,873,279
Other countries	302,300,568	442,820,976
	414,384,176	497,795,630

NOTE 16 - OTHER LIABILITIES

	2015 EUR	2014 EUR
Preferential creditors	442,418	577,621
Sundry creditors	683,122	639,578
	1,125,540	1,217,199

NOTE 17 - SUBORDINATED LIABILITIES

In 2015 and 2014 the Bank had no subordinated loans.

NOTE 18 - FEES PAYABLE TO THE AUDIT FIRM

Fees (excluding VAT) charged to the Bank by the audit firm and its respective entire network are analysed as follows:

	2015 EUR	2014 EUR
Annual audit fees	136,000	135,000
Contractual audit fees	19,000	-
Other assurance services	-	4,400
Tax advisory fees	20,400	-
Other services	84,770	-
	260,170	139,400

Fees are shown on an accrual basis for the financial year.

NOTE 19 - SUBSCRIBED CAPITAL

Following a decision taken during the Extraordinary General Meeting held on June 10, 2015 the Bank had adjusted its capital by EUR 1,835.90 and modified the price per share to EUR 100, (previously with a price per share of EUR 247.89), representing a new total of shares of 800,600.

As of December 31, 2015, the Bank's authorised, subscribed and paid-up capital amounts to EUR 80,600,000 (2014: EUR 80,601,836), represented by 800,600 (2014: 325,147) shares with a nominal value of EUR 100 each (2014: EUR 247.89).

NOTE 20 - MOVEMENTS IN RESERVES AND PROFIT BROUGHT FORWARD

	Legal reserve EUR	Other reserves EUR
Balance as at January 1, 2015	3,060,196	29,715,288
Appropriation of profit		
- Transfer to reserves	97,411	1,850,818
Balance as at December 31, 2015	3,157,607	31,566,106

Under Luxembourg law, the Bank must appropriate to a legal reserve an amount equivalent to at least 5% of the annual net profit until such reserve is equal to 10% of the share capital, Distribution of the legal reserve is restricted.

NOTE 21 - RELATED PARTY BALANCES - LIABILITIES

	2015 EUR	2014 EUR
Amounts owed to credit institutions	155	40,984,136
Amounts owed to customers	215,460,757	277,385,364
	215,460,912	318,369,500

NOTE 22 - FOREIGN CURRENCY LIABILITIES

As at December 31, 2015, the aggregate amounts of liabilities denominated in foreign currencies, translated into EUR was EUR 294,911,107 (2014: EUR 359,586,600).

NOTE 23 - CONTINGENT LIABILITIES

The Bank's contingent liabilities may be analysed as follows:

	2015 EUR	2014 EUR
Guarantees and other direct substitutes for credit	19,223,307	18,153,297
	19,223,307	18,153,297

Balances with related parties are amounting to EUR 5,250 (2014: EUR 5,250).

Their was no unsecured net exposure on contingent liabilities at year-ends 2015 and 2014.

NOTE 24 - COMMITMENTS

The Bank's commitments may be analysed as follows:

	2015	2014
	EUR	EUR
Confirmed credits, not used	21,806,836	42,783,613
Forward purchase of assets	-	8,205,465
	21,806,836	50,989,078

The Bank has no significant commitments to disclose in connection with fixed rental payments for premises or leasing contracts.

Credit derivatives

Credit derivatives are OTC contracts designed to transfer the credit risk in an underlying financial instrument from one counterparty to another. In credit derivative TRS contracts, one counterparty agrees to pay or receive cash amounts based on the returns of a reference asset, including interest earned on these assets in exchange for amounts that are based on prevailing market funding rates. Upon the occurrence of a credit event the parties may either exchange cash payments according to the value of the defaulted assets or exchange cash based on the notional amount for physical delivery of the defaulted assets. The Bank has no open contracts as at December 31, 2015.

NOTE 25 - OPERATIONS LINKED TO CURRENCY EXCHANGE RATES AND INTEREST RATES

The following types of forward transactions are outstanding as at December 31, 2015:

Operations linked to currency exchange rates

Forward exchange transactions (swaps)

Operations linked to currency exchange rates are made for the purposes of covering the effects of fluctuations in exchange rates.

Operations linked to currency exchange rates may be analysed according to their remaining maturity at December 31, 2015 as follows:

	2015 EUR	2014 EUR
Currencies receivable		
Not more than three months	31,237,082	67,848,272
Three to twelve months	-	-
	31,237,082	67,848,272
Currencies to be delivered		
Not more than three months	31,929,598	69,845,306
Three to twelve months	-	-
	31,929,598	69,845,306

The following table shows the credit risk on operations linked to currency exchange rates by applying the original exposure method.

	Currencies receivable 2015 EUR	Risk-equivalent amount 2015 EUR
Forward leg of currency swaps:		
- Credit institutions	31,237,082	624,742
- Financial institutions	-	-
	31,237,082	624,742

	Currencies receivable 2014 EUR	Risk-equivalent amount 2014 EUR
Forward leg of currency swaps:		
- Credit institutions	67,848,272	1,356,965
- Financial institutions	-	-
	67,848,272	1,356,965

Transactions in high-risk instruments or complex instruments such as leveraged derivative instruments have not been entered into by the Bank.

As at December 31, 2015, the fair value of outstanding currency swaps amounts to EUR 692,742.

Operations linked to Total Return swaps

	2015 EUR	2014 EUR
Total Return Swap:		
Not more than three months	-	-
Three to twelve months	-	5,333,552
	-	5,333,552

As at December 31, 2015, there were no open position (2014: EUR 1,394,929) (see note 2.2).

NOTE 26 - INVESTMENT MANAGEMENT SERVICES AND UNDERWRITING FUNCTIONS

The Bank provides services, which consist of custody, administration of transferable securities, as well as fiduciary operations.

NOTE 27 - OTHER OPERATING INCOME

As at December 31, 2015, the main caption under other operating income is an amount of EUR 51,396 representing renting of the office space.

NOTE 28 - STAFF NUMBERS

The average number or persons employed during the financial year by the Bank is as follows:

	2015 Number	2014 Number
Senior management	8	7
Middle management	32	22
Employees	32	35
Workers	3	4
	75	68

NOTE 29 - MANAGEMENT REMUNERATION

The Bank has granted the following emoluments in respect of the financial year to the members of the administrative and managerial bodies of the Bank by reason of their responsibilities and has entered into commitments in respect of retirement pensions for current members of these bodies as follows:

	Emoluments	Pension	Number
2015			
Administrative bodies	364,000	-	7
Managerial bodies	3,098,900	223,840	8
	3,462,900	223,840	

	Emoluments	Pension	Number
2014			
Administrative bodies	221,500	-	7
Managerial bodies	3,755,080	-	7
	3,976,580	-	

NOTE 30 - PROVISIONS

Amounts of provisions may be analysed as follows:

	2015 EUR	2014 EUR
Provisions for taxation	4,066,255	3,342,300
Other provisions		
AGDL provision	219,315	218,678
Provision for claims	70,000	18,513
Provision for emoluments (incl. director fees)	1,203,707	2,031,247
Provisions for general administrative expenses	1,726,997	1,226,094
	7,286,274	6,836,832

Deposit guarantee scheme

The law related to the resolution, reorganisation and winding-up measures of credit institutions and certain investment firms and on deposit guarantee and investor compensation schemes ("the Law"), transposing into Luxembourgish law the directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms and the directive 2014/49/EU related to deposit guarantee and investor compensation schemes, was passed on December 18, 2015.

The deposit guarantee and investor compensation scheme currently in place through the "Association pour la Garantie des Dépôts Luxembourg" (AGDL) will be replaced by a new contribution based system of deposit guarantee and investor compensation. This new system will cover eligible deposits of each depositor up to an amount of EUR 100,000 and investments up to an amount of EUR 20,000. The Law also provides that deposits resulting from specific transactions or fulfilling a specific social or other purpose are covered for an amount above EUR 100,000 for a period of 12 months.

The provisions which have been created in the past by credit institutions for the purpose of AGDL in their annual accounts will be used according to the contributions of the banks to the new Luxembourg banking resolution fund "Fonds de resolution Luxembourg" (FRL), respectively to the new Luxembourg deposit guarantee fund "Fonds de garantie des dépôts Luxembourg" (FDGL), which is still to be established.

The funded amount of the FRL shall reach by the end of 2024 at least 1% of covered deposits, as defined in article 1 number 36 of the Law, of all authorized credit institutions in all participating Member States. This amount will be collected from the credit institutions through annual contributions during the years 2015 to 2024. The target level of funding of the FGDL is set at 0.8% of covered deposits, as defined in article 163 number 8 of the Law, of the relevant credit institutions and is to be reached by the end of 2018 through annual contributions. The contributions are to be made in the form of annual payments during the years 2016 to 2018. For 2015, the Bank paid an amount of EUR 67,578 in relation to FRL.

When the level of 0.8% is reached, the Luxembourgish credit institutions are to continue to contribute for 8 additional years in order to constitute an additional safety buffer of 0.8% of covered deposits as defined in article 163 number 8 of the Law.

NOTE 31 - RELATED PARTY BALANCES - article 67bis

The Bank has not entered into any material transaction with related parties (as defined in International Accounting Standard 24 “Related Party Disclosures”) which were not made on terms equivalent to those that prevail in arm’s length transactions, as of December 31, 2015 and for the year then ended.

NOTE 32 - LITIGATION AND CLAIMS

As of December 31, 2015 the Bank has been involved in a court case open against former management and shareholders of one the Bank’s former clients, insolvent Latvian Bank “Latvias Krajbanka”. The Bank is a third party in relation to the court process and is neither defendant nor claimant in the case. The specific proceedings concern the funds in amount of EUR 15 million that were pledged by Latvias Krajbanka as financial collateral for the loan granted by the Bank to the borrower located in Switzerland. Loan has defaulted and the pledge was exercised by the Bank in 2012 in accordance with Luxembourg law and contractual terms.

Latvian Court of first instance as well as Latvian court of appeals have ruled that the funds of Latvias Krajbanka placed with the Bank have to be returned to the insolvent Latvias Krajbanka (operated by its liquidator KPMG Latvia). As of the date of this report the decision of Latvian courts has neither been recognized nor enforced in Luxembourg. Funds pledged by Latvias Krajbanka were set off against the defaulted loan and no longer located on the account.

End of December 2015, the liquidator of Bank Snoras Lithuania "Lithuanina Bank" (parent bank of Latvian Bank) has filed a claim against the Bank at Lithuanian court. The claim concerns the funds in amount of EUR 41 million that were pledged by the bank as financial collateral for a loan granted by the Bank to a borrower located in Switzerland. The Swiss borrower defaulted and the pledge was exercised by the Bank in 2012 in accordance with Luxembourg law and the contractual terms. At the current stage both claimant and the Bank are in process of collection and delivery of proves to the Lithuianian court of first instance and no judgment has been made to date.

As of December 31, 2015 no provision was created by the Bank in relation with those court cases.

NOTE 33 - UKRAINE'S EXPOSURE

Taking into account the unstable economic situation in Ukraine started during the year 2013, the Bank permanently monitors and evaluates the risks associated with the Ukrainian economy.

In line with the accounting policies of the Bank, an analysis of the outstanding loans and the securities held in the portfolio, based on available information, is carried out to assess whether there is objective evidence that a specific value adjustment on financial asset should be recorded,
In this context, it has been noted that the economic and financial situation of Ukraine significantly deteriorated in 2015 and specific attention has been given to the situation in the country when performing the value adjustment analysis, The value adjustment analysis performed by the Bank takes into account the debt sustainability outlook of the counterparty, guarantor and/or security issuer, and the political context of the country.

As at December 31, 2015 the net exposure of the Bank in Ukraine after provisions can be analysed as follow as at December 31, 2015:

	2015 EUR	2014 EUR
Loans and advances to customers	9,556,158	16,934,469
Debt securities and other fixed-income securities	4,686,063	7,711,315
	14,242,221	24,645,784

There is no possibility to completely assess the economic consequences of the current situation in Ukraine. However, taking into account the actions taken by the Government of Ukraine and considering the intentions of the International Monetary Fund to provide financial support for stabilization of the economic situation, the Bank has reasonable ground to believe that counterparties will fulfill their obligations.

As at December 31, 2015, total specific provisions created for the Ukranian exposures are as follows:

	2015 EUR	2014 EUR
Loans and advances to customers	33,588,723	18,115,668
Debt securities and other fixed-income securities	4,036,581	846,942
	37,625,304	18,962,610

In accordance with Bank's internal policy in addition to specific provisions the country risk provision was created on Ukrainian exposure in 2014 for the amount of EUR 6,232,932 which corresponded to 25% of the exposure net of specific provisions. No such provisions have been recognized in 2015 as the specific provisions created during the year are covering the risk assessed under the country risk provision in 2014.

NOTE 34 - SUPPLEMENTARY FINANCIAL INFORMATION

Risk Management

Through its normal operations, the Bank is exposed to a number of risks the most significant of which are credit, liquidity, market and operational risk, Risks arising from the Bank's activities are closely monitored by senior management with the primary objective of minimizing risk exposures, safeguarding the assets of clients and shareholders and retaining its clients' trust.

Senior management identifies and analyses banking risks on a continual basis in line with the evolution of the Bank's activities, determines the appropriate operating limits and reporting tools and establishes a sound control environment to promote compliance with internal rules and limits, as well as the relevant legal and regulatory requirements.

Credit Risk Management

Credit risk is the risk that a customer or counterparty will not settle an obligation for full value, either when due or any time thereafter.

The Board of Directors alone possesses the authority to set up the principles on which decisions are made and to fix rules relating to the granting, extension, or restructuring of a credit by the Bank (general credit policy, country limits and other strategic matters). The Credit Committee is responsible for the application of these principles.

The control measures implemented by the Bank, in order to monitor and limit credit risk, focus on analysis of the financial standing and reputation of borrowers, the existence and sufficiency of collateral pledged as security for loan facilities and periodic reviews of the creditworthiness of borrowers, In order to minimise the credit risk in relation with money market operations, limits for authorised counterparties have been fixed.

Securities transactions for the Bank's investment and structural portfolios are deliberated upon by the Credit Committee, considering the quality of the issuer, the maturity profile of the security, its currency and investment return.

Liquidity Risk Management

Liquidity risk is the risk of loss arising from the possibility of the Bank not having sufficient funds to meet its obligations as and when they fall due or from the Bank's inability to unwind a position at market prices because of inadequate market depth or disruption in the market.

The Bank follows a prudent policy in matching the maturity profile of its assets and liabilities.

The Bank maintains a liquidity ratio well in excess of the required ratio with a high percentage of short-term liquid funds placed with highly reputable banks and financial institutions within the OECD.

Market Risk Management

Market risk is the risk of loss arising from adverse changes in market conditions, including interest rates, foreign exchange rates and from market prices of investments.

The Bank primarily matches its structure of assets and liabilities as far as possible to ensure congruence in terms of maturity and interest base. The Bank may conclude interest rate swaps periodically to hedge against its exposure to interest rate risk. The hedging possibilities of fixed rate assets are deliberated upon, as and when appropriate, by the Treasury Committee.

The governing objective in currency risk management is to maintain a system of authorised position limits and to monitor them closely.

The Bank has undertaken proprietary securities trading activities on a restricted basis during the year, Comprehensive limits have been established by the Bank's senior management for trading activities.

Operational Risk Management

Operational risk is the risk of losses in relation with human error and fraud is addressed by adapting appropriate operations and administrative systems to the Bank's activities and by maintaining adequate working procedures and a strong internal control environment.

Exchange rate risk

Exchange rate risk is the risk of loss arising from future movements in the exchange rates applicable to foreign currency assets, liabilities, rights and obligations is managed through placing limits for intraday and overnight open currency positions by the Board of Directors. The Bank maintains low levels of open positions.

FX trading is suspended and therefore there have been no trading related risk exposures incurred during the year.

EAST-WEST UNITED BANK S.A.
Société Anonyme
10, Boulevard Joseph II
L-1840 Luxembourg

R.C.S. Luxembourg B 12 049

List of directors on 31 December 2015:

- Jeannot KRECKE, director and chairman of the board of directors
- Alexey Nikolaevich BUYANOV, director
- Natalia Nikolaevna EVTUSHENKOVA, director
- Hans Ulrich HUGLI, director
- Ilya FILATOV, director
- Oleg MUBARAKSHIN, director
- Vsevolod ROZANOV, director
- Evgeny MADORSKIY, director

Allocation of the result of the financial year closed on 31 December 2015:

The annual general meeting of shareholders held on 20 May 2016 resolved to bring forward the loss of the financial year 2015 amounting to EUR 10,313,913 to the others reserves against the accumulated profits of prior years. After this allocation, the reserves account amounts to EUR 24,409,800.